

Message Text

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ORIGIN EB-07

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FM SECSTATE WASHDC

TO AMEMBASSY LIMA IMMEDIATE

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E.O. 11652: N/A

TAGS: ETRD

SUBJECT: PERU'S POSSIBLE RENUNCIATION OF GSP

REF: LIMA 1556

1. EXECUTIVE ORDER DESIGNATING 89 COUNTRIES (INCLUDING PERU) AND NUMEROUS TERRITORIES AS BENEFICIARY DEVELOPING COUNTRIES FOR GSP PURPOSES (LIST A) IS NOW IN FINAL STAGES OF PREPARATION PRIOR TO PRESIDENT'S EXPECTED SIGNING.

2. IN ABSENCE OF PERUVIAN OBJECTION TO DESIGNATION AND IN LIGHT OF (A) SPECIFIC EXPRESSION OF INTEREST BY PERUVIAN OFFICIALS DURING VISIT OF AMBASSADOR EBERLE IN 1974, (B) PERU'S PARTICIPATION ON OAS EFFORTS TO DEVELOP
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LIST OF PRODUCTS WHICH LATIN AMERICA WOULD LIKE TO SEE

INCLUDED IN US GSP, AND (C) OTHER FACTORS TAKEN INTO ACCOUNT IN ACCORDANCE WITH PROVISIONS OF SECTION 502(C) OF TRADE ACT, WE HAVE CONSIDERED THAT PERU ADEQUATELY MET THE DISCRETIONARY CRITERIA OF SECTION 20 63C). THEREFORE, PERU WAS PLACED ON LIST OF COUNTRIES PRESIDENT INTENDED TO DESIGNATE WHICH WAS SENT TO CONGRESS JANUARY 13 (STATE 23544) AS PART OF INITIAL NOTIFICATION/CONSULTATION PROCEDURE. SINCE THEN, OUR REVIEW OF OTHER PROVISIONS OF SECTION 502 HAS SHOWN THAT PERU IS NOT RPT NOT INELIGIBLE IN OTHER RESPECTS. THUS, RECOMMENDATION BEING MADE TO THE PRESIDENT THAT PERU, ALONG WITH

NUMEROUS OTHER LDCS, BE DESIGNATED BDC AT THIS TIME.

3. ALTHOUGH, IN LINE WITH THE STATEMENT WHICH THE PRESIDENT MADE ON SIGNING THE TRADE ACT, WE ARE WORKING WITH THE CONGRESS IN ORDER TO SEEK NECESSARY ACCOMMODATIONS TO THE PROVISIONS OF THE ACT WHICH HE TERMED EXCESSIVELY RIGID AND UNFAIR, ESPECIALLY REGARDING CERTAIN OIL PRODUCING COUNTRIES, IT IS CLEAR THAT THIS MATTER WILL NOT REPEAT NOT BE RESOLVED PRIOR TO THE PRESIDENT'S ANTICIPATED SIGNING OF EXECUTIVE ORDER REFERRED TO IN PARA. ONE ABOVE. OPEC COUNTRIES ARE LISTED IN THIS PROPOSED EXECUTIVE ORDER AS UNDER CONSIDERATION (LIST B) FOR GSP. THUS, IT APPEARS CLEAR TO US THAT WE NOW FACE SITUATION DESCRIBED BY EMBASSY IN REFTEL WHEREIN PERU ABOUT TO BE DESIGNATED AND OPEC EXCLUSION ISSUE NOT YET RESOLVED.

4. IT SHOULD BE NOTED THAT WE WILL NOT BE ABLE TO IMPLEMENT US GSP SYSTEM UNTIL LATE SUMMER DUE TO FACT THAT REVIEW OF PROPOSED PRODUCT LIST BY INTERNATIONAL TRADE COMMISSION (ITC) WILL REQUIRE MAXIMUM OF SIX MONTHS. THUS PRACTICAL EFFECT OF DESIGNATION OF BDCS AT THIS TIME IS ONLY TO MEET REQUIREMENT OF TRADE ACT THAT THERE MUST BE AN EXECUTIVE ORDER IN EFFECT DESIGNATING IT BEFORE PROPOSED GSP PRODUCT LIST CAN BE SENT TO ITC FOR ITS CONSIDERATION. WE ARE HOPEFUL THAT DURING THE INTERVENING MONTHS IT WILL BE POSSIBLE LIMITED OFFICIAL USE

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TO WORK OUT NECESSARY ACCOMMODATION WITH CONGRESS SO THAT ADDITIONAL COUNTRIES CAN BE DESIGNATED BY THE TIME GSP BENEFITS ACTUALLY BEGIN TO FLOW.

5. WITH RESPECT TO GUILLEN'S UNOFFICIAL VIEWS (REFTEL) RE PROBABILITY OF GOP PROVIDING WRITTEN INDICATION OF INTEREST IN BEING DESIGNATED AS BENEFICIARY, AS INDICATED IN PARA. 2 ABOVE, NO RPT NO SUCH INDI-

CATION REQUIRED BY USG IN VIEW OF OTHER CONSIDERATIONS
CITED AND FACT THAT TRADE ACT IS DISCRETIONARY IN
THIS REGARD.

6. IN VIEW OF EMBASSY'S COMMENT RE POSSIBLE DECISION
OF GOP TO RENOUNCE BENEFICIARY STATUS NOW, EMBASSY MAY
AT ITS DISCRETION ADVISE GUILLEN OF PRESENT SITUATION.
HOWEVER, EMBASSY SHOULD MAKE CLEAR TO GUILLEN THAT USG
IS NOT RPT NOT SEEKING TO HAVE PERU EXCLUDE ITSELF FROM
GSP BENEFITS. (FYI: WE WOULD PREFER NOT RPT NOT HAVING
TO REMOVE PERU FROM BDC LIST AT THIS TIME--ASSUMING IT
STILL COULD BE DONE--PARTICULARLY IF THERE IS ANY

CHANCE SUCH ACTION WOULD ENCOURAGE OTHER LATIN
AMERICAN COUNTRIES TO REQUEST REMOVAL AS WELL.
HOWEVER, SINCE IT APPEARS PERUVIANS MAY BELIEVE THEY
WILL NOT BEDESIGNATED NOW, WE BELIEVE IT MAY BE
WELL TO ADVISE GOP OF OUR CURRENT INTENTION TO
DESIGNATE PERU AS BENEFICIARY. (END FYI) KISSINGER

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